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CONFIDENTIAL ROME 02150

SIPDIS

STATE PASS USTR FOR AMB. ZOELLICK, AMB. JOHNSON, NOVELLI  
STATE PASS DEPARTMENT OF AGRICULTURE FOR SECY. VENEMAN,  
PENN, HEGWOOD  
STATE FOR E - U/S LARSON, EB - A/S WAYNE, EUR - PDAS RIES,  
MORFORD, HENNESSEY-NILAND  
WHITE HOUSE FOR NSC/NEC  
GENEVA FOR USTR

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TAGS: [ETRD](#) [EAGR](#) [TBIO](#) [IT](#) [EUN](#)

SUBJECT: EU BIOTECH: ITALIAN REACTION TO U.S. ANNOUNCEMENT  
OF WTO BIOTECH CASE

REF: A. STATE 124277

[1](#)B. STATE 125512

CLASSIFIED BY: ECONOMIC MINISTER COUNSELOR SCOTT KILNER FOR REASONS 1.5  
(B) AND (D)

[1](#)1. (C) SUMMARY: ITALIAN GOVERNMENT REACTION TO THE MAY 13 USG  
ANNOUNCEMENT REQUESTING WTO CONSULTATIONS ON THE EU,S  
MORATORIUM ON BIOTECH APPROVALS HAS BEEN RESTRAINED. FOREIGN  
TRADE VICE MINISTER URSO SUGGESTED THAT RESOLUTION OF THE  
BIOTECH CASE MIGHT BE POSSIBLE THROUGH LINKAGE WITH OTHER  
DISPUTES, ALTHOUGH HE DID NOT FORESEE PROGRESS DURING THE  
SIXTY DAY CONSULTATIONS PERIOD. AGRICULTURAL MINISTER  
ALEMANNO, THE MOST OUTSPOKEN GOI OPPONENT TO BIOTECH, SO FAR  
HAS DECLINED TO COMMENT ON THE U.S. ACTION. THE MINISTRY OF  
ENVIRONMENT IS LIKELY TO DISENGAGE FROM EFFORTS TO IMPLEMENT  
EU DIRECTIVE 01/018 WHILE THE WTO CASE IS PENDING, AND THE  
MINISTER OF HEALTH, THOUGH PERSONALLY PRO-BIOTECH, WILL  
CONTINUE TO DEFER TO ALEMANNO ON THE ISSUE. ITALIAN PRESS  
REACTION HAS ALSO BEEN RATHER RESERVED. EMBASSY ROME AND  
CONSULATES FLORENCE, MILAN AND NAPLES ARE WORKING TOGETHER TO  
IMPLEMENT A ROBUST PUBLIC DIPLOMACY PROGRAM TO SUPPORT USG  
BIOTECH POLICY IN LIGHT OF THE WTO CASE. END SUMMARY.

FOREIGN TRADE MINISTRY  
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[1](#)2. (C) ECMIN INITIATED A MAY 14 MEETING WITH FOREIGN TRADE  
VICE MINISTER ADOLFO URSO BY NOTING THAT, AFTER FIVE YEARS,  
U.S. PATIENCE WITH THE CONTINUED EU MORATORIUM ON BIOTECH  
APPROVALS HAD FINALLY RUN OUT. DESPITE REPEATED EU ASSURANCES  
OVER THE YEARS, A SOLUTION STILL DOES NOT APPEAR IMMINENT.  
IN ADDITION TO OUR CONCERNS THAT U.S. EXPORTS ARE BEING  
EXCLUDED ILLEGALLY FROM THE EU MARKET, THE U.S. WORRIES  
INCREASINGLY THAT THE EU MORATORIUM IS STIGMATIZING BIOTECH  
PRODUCTS IN THE DEVELOPING WORLD. THE U.S. DECISION TO  
INITIATE A CASE, IN PART, IS A MEANS TO STEM THE SPREAD OF  
UNWARRANTED CONCERNS ABOUT BIOTECH PRODUCTS TO COUNTRIES THAT  
WOULD BENEFIT FROM THEIR INTRODUCTION. ECMIN ADDED THAT OUR  
DECISION TO PURSUE THIS CASE DID NOT IN ANY WAY LESSEN OUR  
COMMITMENT TO WORK COOPERATIVELY WITH THE EU ON OTHER FRONTS,  
PARTICULARLY THE DOHA WTO NEGOTIATIONS.

[1](#)3. (C) URSO, WHO REITERATED HIS PERSONAL PRO-BIOTECH VIEWS,  
SAID THAT THE U.S. DECISION SEEMED TO BE A STEP BACK IN  
U.S.-EU TRADE RELATIONS, GIVEN RECENT POSITIVE STATEMENTS BY  
USTR ZOELLICK AND EU TRADE COMMISSIONER LAMY ON ADVANCING THE  
DOHA AGENDA. HE DISMISSED THE POSSIBILITY THAT ANY SOLUTION  
COULD BE FOUND DURING THE INITIAL SIXTY-DAY CONSULTATION  
PERIOD, GIVEN THE COMPLEXITIES INVOLVED IN HAVING ALL 15  
MEMBER STATES TAKE POSITIVE ACTION. YET URSO THEN PROCEEDED  
TO ADVANCE HIS OWN COMPLICATED IDEA -- THAT THE RANGE OF  
U.S.-EU TRADE DISPUTES (STEEL, FSC, BIOTECH, GEOGRAPHICAL  
INDICATORS, AND EVEN OUR COMPETING WTO AGRICULTURAL  
PROPOSALS) SHOULD BE LINKED IN ORDER TO FACILITATE THEIR  
SIMULTANEOUS RESOLUTION. HE SUGGESTED THAT EACH ISSUE COULD  
BE NEGOTIATED SEPARATELY BUT IN PARALLEL, WITH THE CLEAR  
UNDERSTANDING THAT TRADEOFFS WOULD BE NECESSARY. (COMMENT:  
THIS IS A FAMILIAR THEME WITH GOI TRADE OFFICIALS, WHO HAVE  
FREQUENTLY SUGGESTED THAT EU GIVE ON BIOTECH MIGHT BE  
POSSIBLE IF THE U.S. SOFTENED ITS STAND OPPOSING THE EU,S  
CALL FOR GREATER PROTECTION WITHIN THE WTO OF GEOGRAPHICAL  
INDICATORS FOR FOODSTUFFS. END COMMENT.)

[1](#)4. (C) ECMIN RESPONDED TO URSO,S SUGGESTION BY STATING THE  
U.S. POSITION THAT THESE ARE SEPARATE DISPUTES THAT SHOULD BE  
RESOLVED INDIVIDUALLY, EACH ON ITS OWN MERITS. WE DID NOT  
WANT U.S.-EU BILATERAL DISPUTES TO INTERFERE WITH PROGRESS  
BEING MADE IN THE DOHA ROUND TALKS. ITALY HAD THE RIGHT TO  
PROPOSE SUCH AN IDEA (URSO SUGGESTED THE JUNE 25 U.S.-EU  
SUMMIT, OR THE MARGINS THEREOF, COULD BE AN APPROPRIATE  
VENUE), BUT RESOLUTION OF THE BIOTECH CASE WOULD NEED TO  
INVOLVE ALL THE RELEVANT PLAYERS (INCLUDING THE COMMISSION,  
THE OTHER EU MEMBER STATES, AND THE WTO CASE CO-COMPLAINANTS  
CANADA, ARGENTINA AND EGYPT). URSO NEVERTHELESS PERSISTED,  
SAYING HE WOULD DISCUSS THE IDEA OF A "GRAND BARGAIN" WITH

PRIME MINISTER BERLUSCONI, AND PERHAPS AFTERWARD WITH LAMY AND WTO DIRECTOR-GENERAL SUPACHAI. (WE UNDERSTAND BOTH MAY VISIT ROME THE WEEK OF MAY 19.)

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ADDITIONAL GOI REACTION

15. (SBU) ECONOFF PROVIDED REFTTEL MATERIAL ON THE WTO CASE TO CLAUDIO SPINEDI, SENIOR ADVISOR TO MFA DIRECTOR GENERAL FOR ECONOMIC COOPERATION GIANDOMENICO MAGLIANO. SPINEDI TOLD US THAT THE GOI SHARES OUR CONCERN THAT THE ADVENT OF A WTO CASE NOT HAVE A NEGATIVE EFFECT ON THE DOHA NEGOTIATIONS. HE FURTHER NOTED THAT THE GOI HAS REFRAINED FROM PRESSURING DEVELOPING COUNTRIES ON BIOTECH ISSUES (UNTIL RECENTLY SPINEDI WAS AN OFFICE DIRECTOR IN THE MFA, DEVELOPMENT ASSISTANCE BUREAU). WE ALSO LEFT RETEL MATERIAL WITH MASSIMO GAIANI, OFFICE DIRECTOR FOR EU ENLARGEMENT AND THIRD COUNTRY RELATIONS, EUROPEAN INTEGRATION DIRECTORATE.

16. (SBU) RAFFAEL DE LUTIO, DIPLOMATIC ADVISOR TO MINISTER OF AGRICULTURE ALEMANNO, TOLD AMINCOUNSELOR THAT THERE WAS "NO REACTION" AT THE MINISTRY OF AGRICULTURE TO THE U.S. ANNOUNCEMENT RATHER, MINISTER ALEMANNO WAS VERY CONCERNED AND FOCUSED ON THE APRIL 25 STAKEHOLDERS MEETING IN BRUSSELS THAT DISCUSSED CO-EXISTENCE. ACCORDING TO DE LUTIO, THE ITALIAN DELEGATION CAME AWAY FROM THAT MEETING PESSIMISTIC THAT BIOTECH CROPS COULD BE GROWN WITHOUT "CONTAMINATING HIGH QUALITY PRODUCTS".

17. (C) MINISTRY OF ENVIRONMENT DIRECTOR GENERAL CORRADO CLINI TOLD ESTOFF THAT THE WTO CASE WAS NOW A EUROPEAN COMMISSION PROBLEM. HE DOUBTED THAT THE ITALIAN PRESIDENCY, ESPECIALLY GIVEN THE BERLUSCONI-PRODI STRAINS, WOULD BE INCLINED TO PLAY AN ACTIVE ROLE. HE FORESAW THAT THE GOVERNMENT'S INTERNAL PAPER ON THE IMPLEMENTATION OF EU DIRECTIVE 01/018 IN ITALY WOULD NOW STALL, AND THAT THE ENVIRONMENT MINISTRY'S PLAN TO MANAGE CONCILIATION OF THE COMMISSION AND EUROPEAN PARLIAMENT VERSIONS OF TRACEABILITY AND LABELING WOULD BE PUT ASIDE. HE MENTIONED A MAY 28 MEETING BETWEEN MINISTER OF ENVIRONMENT MATTEOLI AND COMMISSIONER WALLSTROM TO DISCUSS ITALIAN PRESIDENCY GOALS, AND ENCOURAGED CONTACT BEFOREHAND BETWEEN U/S LARSON AND PM DIPLOMATIC ADVISOR GIOVANNI CASTELLANETA IF THE USG WANTED ANY ITALIAN LEADERSHIP TO COME FROM THE MAY 28 MEETING. THINKING MORE EXPANSIVELY, CLINI SUGGESTED PM BERLUSCONI MIGHT BEST BE POSITIVELY ENERGIZED ON BIOTECH THROUGH COMMUNICATION FROM UK PM BLAIR.

18. (SBU) VITTORIO SILANO, HEAD OF INTERNATIONAL AFFAIRS AT THE MINISTRY OF HEALTH, TOLD US THAT WHILE MINISTER OF HEALTH SIRCHIA WAS FULLY SUPPORTIVE OF BIOTECHNOLOGY IN SCIENTIFIC TERMS, THE MINISTER HAD DISENGAGED HIMSELF FROM THE DOMESTIC POLITICAL DEBATE BECAUSE OF MINAG ALEMANNO'S STRONG "LEADERSHIP" ON THE ISSUE. SILANO SAID HE WOULD IMMEDIATELY BRING THE BACKGROUND PAPERS SUPPORTING THE U.S. DECISION TO THE MINISTER, BUT LEFT LITTLE HOPE THAT THE MINISTER MIGHT ENGAGE.

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PRESS REACTION AND PUBLIC DIPLOMACY OUTREACH

19. (U) INITIAL PRESS REACTION HAS BEEN SOMEWHAT RESERVED. MOST PRESS ACCOUNTS OF THE U.S. ANNOUNCEMENT STUCK TO THE ARGUMENTS PUT FORWARD BY THE USG, ALONG WITH SOME OF THE WIDELY-REPORTED EU REACTION BUT ALMOST NO GOI REACTION. ROME'S LEFT-LEANING DAILY LA REPUBBLICA HAD A TWO PAGE SPREAD, INCLUDING SOME COMMENTARY THAT ATTEMPTED TO LINK THE DISPUTE WITH SEEMINGLY UNRELATED ISSUES (U.S. REFUSAL TO JOIN THE INTERNATIONAL CRIMINAL COURT, EUROPEAN OPPOSITION TO THE DEATH PENALTY, ECHELON/PRIVACY, U.S. BOYCOTT OF FRENCH PRODUCTS RELATED TO IRAQ). LIKE OTHER PRESS REPORTS, ITS COVERAGE DID NOT INCLUDE ANY GOI REACTION -- MOREOVER, IT HAD NO COMMENTS FROM NGOS THAT HAVE IN THE PAST EXPRESSED VOCAL OPPOSITION TO BIOTECH FOOD.

110. (U) PA ROME IS WORKING CLOSELY WITH RELEVANT EMBASSY OFFICES (ECON, FAS, SCIENCE) AND THE CONSULATES IN NAPLES, MILAN, AND FLORENCE TO DEVELOP A ROBUST PUBLIC DIPLOMACY PROGRAM TO SUPPORT USG BIOTECH POLICY IN THE LIGHT OF THE WTO CASE. WE HAVE TRANSLATED AND SENT THE USDA PRESS RELEASE ON THE WTO CASE TO ITALIAN MEDIA, AND HAVE PLACED IT ON THE EMBASSY WEBSITE ALONG WITH OTHER INFORMATION SUPPORTING USG BIOTECH POLICY. ON MAY 27-30 WE WILL PARTICIPATE WITH THREE U.S. SPEAKERS IN A MAJOR BIOTECHNOLOGY CONFERENCE ("FROM THE GREEN REVOLUTION TO THE GENE REVOLUTION") IN BOLOGNA, DURING WHICH WE WILL DISSEMINATE INFORMATION TO SUPPORT THE U.S. POSITION IN THE WTO CASE. WE ARE ALSO FUNDING A U.S. SPEAKER TO PARTICIPATE IN A JUNE 30 CONFERENCE IN MILAN ON "THE GREAT PROMISE OF BIOTECHNOLOGY." THE GOAL OF THIS CONFERENCE, SPONSORED BY THE AMERICAN CHAMBER OF COMMERCE AND CONGEN MILAN, IS TO PROVIDE A FORUM FOR ITALIAN BUSINESS AND ACADEMIC REPRESENTATIVES TO ENCOURAGE THE ITALIAN GOVERNMENT TO TAKE A LESS RESTRICTIVE STANCE TOWARD THE DEVELOPMENT OF AGRICULTURAL BIOTECHNOLOGY. WE WILL USE THE FORUM TO PROMOTE THE U.S. POSITION IN THE WTO CASE. IN ADDITION TO THESE PROGRAMS, WE ARE SENDING U.S. SPEAKERS TO NAPLES, TURIN, AND TRIESTE OVER THE NEXT THREE TO FOUR WEEKS IN ORDER TO EXPLAIN

AND DEFEND U.S. BIOTECH POLICY.

11. (U) IN THE DAYS AND WEEKS AHEAD WE WILL CONTINUE OUR PROACTIVE PUBLIC DIPLOMACY OUTREACH TO AUDIENCES THROUGHOUT ITALY TO INFORM THE PUBLIC ABOUT U.S. ARGUMENTS AND POLICIES FAVORING BIOTECHNOLOGY AND EXPLAINING THE U.S. POSITION IN THE WTO CASE. WE WILL MAKE USE OF VARIOUS RESOURCES (SPEAKER PROGRAMS, DIGITAL VIDEO CONFERENCES, MEDIA PLACEMENT, INFORMATION DISSEMINATION THROUGH OUR WEBSITE, TARGETED E-MAIL DISTRIBUTION OF RELEVANT TEXTS, AND INTERNATIONAL AND VOLUNTARY VISITOR PROGRAMS) TO PROMOTE USG POLICY AMONG KEY POLICYMAKERS AND OPINION LEADERS; AND WE WILL PLACE OP-EDS AND INTERVIEWS TO SUPPORT THE U.S. POSITION IN THE WTO CASE. SEMBLER

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